

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
February 26, 2004
Lansing, Michigan

Meeting noticed in accordance with Open Meetings Act, Public Act 267 of 1976.

Present: Ted Wahby, Chairman
 Lowell Jackson, Commissioner
 John Garside, Commissioner
 C. Robert Baillod, Commissioner

Also Present: Gloria J. Jeff, Director
 John Polasek, Director, Bureau of Highway Development
 Patricia A. Lockwood, Commission Advisor
 Marneta Griffin, Executive Assistant
 Jerry Jones, Commission Auditor
 Patrick Isom, Assistant Attorney General
 Leon Hank, Chief Administrative Officer
 Larry Tibbits, Chief Operations Officer
 Wayne Roe, Jr., Contract Services
 John Friend, Director, Bureau of Highway Delivery
 Ben Kehrman, Director of Communications
 Rob Abent, Director, Bureau of Multi-Modal Transportation
 Susan Mortel, Director, Bureau of Transportation Planning

Excused: Betty Jean Awrey, Vice Chairwoman
 Robert Bender, Commissioner

A list of those people who attended the meeting is attached to the official minutes.

The meeting was delayed due to weather conditions.

Chairman Wahby called the meeting to order at 10:40 a.m. in the Bureau of Aeronautics Auditorium in Lansing, Michigan.

I. COMMISSION BUSINESS

Commission Minutes

Chairman Wahby entertained a motion for approval of the minutes of the State Transportation Commission meeting of January 29, 2004.

Commissioner Jackson asked that two corrections be made to the minutes: spelling throughout the document should be changed to "roll" for roll call, and; \$20 million should be changed to \$200 million on page 9.

Moved by Commissioner Jackson, with support from Commissioner Garside, to approve the minutes of the Commission meeting of January 29, 2004 with changes. MOTION CARRIED.

II. **DIRECTOR'S REPORT – DIRECTOR GLORIA J. JEFF**

Program Overview and FY' 05 Budget

The Director gave a PowerPoint presentation on the department program overview and the fiscal year 2005 budget. She stated that the department anticipates additional Federal funding. We intend to make sure that MDOT has adequate human resources and financial resources to support that increase of funding. Department priorities include continuing to focus on a balanced program that preserves Michigan's existing transportation system and responds to growth and development opportunities; partnering with local units of government to utilize an asset management system to strategically target statewide roads and bridges; increasing the efficiency and availability of mass transportation in Michigan; maintaining Michigan's national leadership role in developing innovative strategies to improve safety, operations, and security; continuing to focus on customer service by improving access and safety operational responsiveness; continuing to work with the transportation communities in Michigan and Ontario to implement the Transportation Summit.

The Director further reported that this means we are looking at a \$3.3 billion budget consistent in terms of being about the same size, with a slight increase, that we have had over the previous years. The larger share of it (40%) is associated with our local road and bridge programs. Thirty-eight percent is associated with state road and bridge programs, and 8% with Multi-Modal programs. Debt service is up to 5%. This is associated with a portion of the \$460 million worth of new bonds that the department is selling to support the projects in the Five Year Program.

The revenue assumptions that were made with respect to this budget are very modest in nature. The department is looking at a rough amount of state revenues just over \$2 billion for all modes. There is a slight decrease in overall funding, due in part to losses in the 2004 budget—changing the nature of licensing and registration for trailers. We do project an increase in the revenues with respect to motor fuel and vehicle registrations, however other funding sources will experience some decline. The biggest assumption made is that we will get a minimum of a 3.2% increase based upon the Presidents' proposal in Federal reauthorization. Congress has not yet completed that activity, so we are not absolutely sure what that final number will be.

With respect to state roads and bridges the department has projected over \$998 million in improvements and maintenance related activities. We are looking at increasing our capital preventative maintenance program as well as our on-going maintenance activities with regard to roads and bridges to strive toward the 2007 goal. We are fulfilling Governor Granholm's promise to local units of government that approximately one-half cent of the state gasoline tax currently dedicated to state trunkline projects will go toward

funding local critical bridge repairs. The Director stated that the department is anticipating that this will help us increase our focus on roadways on the local system that are essential to economic activity and system continuity. This transfer represents a little over \$25 million.

Additionally, with regard to transit and railroads, the department anticipates spending about \$242.3 million. This is a slight decrease of \$4.1 million or 1.8% (largely from the reduction in the vehicle-related sales tax allocation to the CTF in FY' 04 and FY' 05 redirected to assist the general fund). We are expecting an additional \$4.6 million in federal funds directed to support transit programs. In the aviation programs \$222 million is recommended for airport safety and protection improvements included in the Capital Outlay bill. Stabilizing revenues will allow \$6.4 million reinvestment in aeronautics programs.

This \$3.3 billion program is very aggressive. Looking at just the highway, roads and streets component of this, our staffing over the years has changed. Ten years ago our road and bridge program was about \$800 million and we had about 3,659 employees. Today, we have a program that is projected at about \$1.3 billion (almost an 80% increase in size of program) and our staff size is down to 2,876. This number (2,876) is significant when broken down. It represents the current number of FTEs, while having approval for a little over 2,900 under the Early-Out Agreements. When comparing Michigan to other states the caliber and quality of MDOT employees becomes extraordinary. Michigan delivers twice, and almost three times, the size program of neighboring states in terms of program dollars per employee. When looking at this in terms of lane miles, we continue to support the same concept. We are at a level of about 10.4 lane miles per employees, whereas in other states it is less, i.e., New York 4.5; Illinois 6.5. MDOT employees have been outstanding stewards. It becomes critically important to continue our aggressive program of filling the vacancies that have already been approved and are part of the budget in making sure that we can continue to deliver this aggressive \$3.3 billion program to the citizens of the state of Michigan. The Director then asked for questions.

Commissioner Jackson noted that the state of Wisconsin is missing from the graph.

Director Jeff stated that the data came from the FHA and they did not have information on that state.

Chairman Wahby asked if there were other questions; none were forthcoming.

A copy of the presentation is attached.

III. **OVERSIGHT**

Commission/State Administrative Board Contracts/Agreements (Exhibit A) – Wayne Roe
Mr. Roe reported that Item 15 (pg 9; line 6) should read "...funds for the County" instead of "City". Item 16 (pg 9; line5) should read "...funds for the Village" instead of "City".

These changes are necessary to correctly reflect where the funds are.

Mr. Roe asked for approval of Exhibit A.

Chairman Wahby entertained a motion. Motion was made by Commissioner Jackson, supported by Commissioner Garside to approve Exhibit A with the changes. Motion carried on a unanimous voice vote.

Bid Letting Pre-Approvals (Exhibit A-1) – Wayne Roe

Mr. Roe reported that there are a total of 96 projects that will be let; 62 of those are state projects. Total letting is estimated to be \$136.4 million with \$103.8 million in state projects.

Mr. Roe asked the Commission for pre-approval of Exhibit A-1 for the bid letting that is going to occur in March 2004.

Chairman Wahby entertained a motion. Motion was made by Commissioner Baillo to pre-approve the March letting. Motion supported by Commissioner Jackson and carried on a unanimous voice vote.

Letting Exceptions Agenda (Exhibit A-2) – John Polasek

Mr. Polasek reported that they are asking for approval on three items. The first item is a single bid, and the second and third items are justification memos for bids in excess of 10%. He then asked for questions; none were forthcoming.

Commissioner Jackson commented that the language has been satisfactorily changed so that it is now logically correct (see 1-29-04 minutes, Exhibit A-2).

Mr. Polasek asked the Commission for approval of Exhibit A-2.

Chairman Wahby entertained a motion. Motion was made by Commissioner Jackson to approve Exhibit A-2. Motion supported by Commissioner Garside and carried on a unanimous voice vote.

Information Items (Exhibit A-3) – Wayne Roe

Mr. Roe stated that these items are included for information purposes only, and no action is necessary. One project had a low bid rejection: there was a bidding irregularity on a paper bid, the department rejected it, advised the low bidder of the rejection and of the appeal process. They did not appeal, so we went to the next low bidder.

Mr. Roe further reported that February had 2 lettings—a regular letting and a special letting. Fifty-three state jobs were let for a total of \$136.6 million. Fifty-two of those have been announced and one is pending. The number of bids coming in continues to be good. We are averaging more than 4.5 bidders on state jobs, 6.7 on local, and 8.17 on aero jobs. We are 98.3% on schedule for the projects that were scheduled to be let

through February, and through March (with the addition of the state projects that are going to be let in the March letting) for those jobs that were scheduled to be let in the first 6 months, we will be at an 88% level of those that will actually be let.

Mr. Roe further reported that the primary difference in what we have let versus what we intended to let has been the prior letting of \$132 million that went from this year to the past year for the Preserve First Program. This did have some impact on our letting ability. The projects that are replacing those that were let earlier are going to fall a little later in the year. Otherwise we are very close to being on schedule.

Chairman Wahby asked for questions; none were forthcoming.

Contract Adjustments (Exhibit B) – John Friend

Mr. Friend passed out two revisions to this exhibit: Department Projects, and Extra/Adjustments 2004-08 summaries. He stated that this is less than the originally mailed packet and reflects a common concern that he and the Commission Auditor share in that they want to take another look one of the extras that the region had in that project and make sure that it was done appropriately within the purchasing guidelines.

He further reported that are 10 MDOT projects and 1 local agency project. He asked for questions; none were forthcoming. Mr. Friend asked for approval of Exhibit B.

Chairman Wahby entertained a motion for the approval of Exhibit B. Motion was made by Commissioner Baillod and supported by Commissioner Jackson to approve Exhibit B. The motion carried on a unanimous voice vote.

Resolution 2004-1 to Adopt Intercity/High Speed Passenger Rail Policy – Rob Abent

Mr. Abent stated that pursuant to the Commissions' request the concerns of the rail industry, the intercity bus carriers and individual Commission members have been incorporated. This resolution is designed to provide guidance and direction to the department and the congressional delegation relative to the development of a national rail policy. The primary components are: recognizes that passenger rail is a key component of a balanced transportation system; promotes development of a national rail policy; advocates for a dedicated, multi-year funding source at the national level; proposes that freight carriers be held harmless financially and operationally in the provision of intercity/high speed passenger rail service; encourages a competitive environment in the absence of a high speed rail policy. Mr. Abent asked for questions.

Commissioner Baillod stated that it seems the freight carriers are held harmless and the funding should not take away from other funding, but the policy does not make mention of where the funding should come from.

Mr. Abent responded that the policy does not speak directly to what sort of funding is appropriate at the national level for the system. It is currently funded with general funds, but it could be funded from any variety of sources. Holding harmless those that are already dedicated, such as the Highway Trust Fund.

No other questions were forthcoming. Mr. Abent asked for approval of the Resolution.

Chairman Wahby entertained a motion for approval of Resolution 2004-1 to adopt the Intercity/High Speed Passenger Rail Policy. Motion was made by Commissioner Garside, supported by Commissioner Baillod to approve the resolution. Ms. Lockwood called the roll: all answers were affirmative. Motion carried on a unanimous roll call vote.

IV. **PRESENTATIONS**

Asset Management Council Report – Patricia Lockwood

Ms. Lockwood stated that the council had a short meeting in February and their official presentation will be given to the Commission members in April 2004, which will be their Annual Report.

V. **PUBLIC COMMENTS**

None were made.

Chairman Wahby asked if any Commission members had comments or anything to come before the Commission.

Commissioner Jackson apologized for the delay in getting to the meeting due to the foggy weather conditions.

Director Jeff wanted to publicly thank and commended Team MDOT on their exceptional work during this winter season.

ADJOURNMENT

There being no further business to come before the Commission, the Chairman declared the meeting adjourned at 11:05 a.m.

The next full meeting of the Michigan State Transportation Commission will be a joint meeting with the Aeronautics Commission held in Lansing, Michigan, on March 25, 2004, commencing at the hour of 9:00 a.m.

Patricia A. Lockwood
Commission Advisor